CITY OF HASTINGS, NEBRASKA
MINUTES OF UTILITY BOARD REGULAR MEETING
Thursday, May 13, 2021

Pursuant to due call and notice thereof, a Regular Meeting of the Utility Board of Hastings, Nebraska was conducted in the Council Chambers of City Hall, 220 N. Hastings Avenue, on May 13, 2021.

ROLL CALL:

The meeting was called to order at 9:00 a.m. in Regular Session by Chairman Bill Hitesman with the following members present: Shayne Raitt, Mark Hemje, Susan Meeske. Absent: Jeanette Dewalt.

Others present: Manager of Utilities, Kevin Johnson; City Administrator, Dave Ptak; Director of Finance, Roger Nash; Accounting Manager, Robin Ginn; Information Technology, Trevin Sebek; Business Operations Analyst, Brian Strom; Director of Capital Management, Keith Leonhardt; Director of Administration, Derek Zeisler; Director of Electric Production, Rich Kleinhample; Director of Human Resources, Lori Hartman; City Clerk, Kimberly Jacobitz; Mayor Stutte; Shawn Hartmann; Butch Eley.

PLEDGE OF ALLEGIANCE:

Chairman Bill Hitesman led the group in recital of the Pledge of Allegiance to the United States of America.

MOTION TO ADOPT CURRENT AGENDA FOR date REGULAR MEETING.

Moved by Shayne Raitt seconded by Mark Hemje to adopt current agenda for the May 13, 2021 Regular Meeting. Roll Call: Ayes: Bill Hitesman, Shayne Raitt, Mark Hemje, Susan Meeske. Nays: None.
Absent: Jeanette Dewalt. The motion carried.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, MONTH DAY, 2021. Pursuant to Nebraska Revised Statute Section 84-1412, the public is advised that a copy of today's agenda and all reproducible written material which will be discussed at today's meeting is located at the back of the Council Chambers. Also, a current copy of the Nebraska Open Meetings Act is posted on the south wall of the Council Chambers which is accessible to members of the public.

MANAGER'S COMMUNICATIONS:

Kevin Johnson welcomed Susan Meeske, as a new board member. Staff introductions were made.

BOARD CHAIRMAN'S COMMUNICATIONS:

Chairman Bill Hitesman gave a warm welcome to Susan Meeske.

BOARD MEMBERS' COMMUNICATIONS:

None.

CITIZEN COMMUNICATIONS:

CONSENT AGENDA:

1. All Consent Items.

Moved by Mark Hemje seconded by Shayne Raitt to approve consent agenda item. Roll Call: Ayes: Bill Hitesman, Shayne Raitt, Mark Hemje, Susan Meeske. Nays: None. Absent: Jeanette Dewalt. The motion carried.

(a) Approval of the minutes of the Hastings Utility Board Meeting of April 8, 2021.

REGULAR AGENDA:

2. Unfinished Business of Preceding Meeting.

None.

3. General Business.

(a) Finance

i. 2nd Quarter Financial Report

Kevin Johnson reported on the March Financials emailed to the board today. He presented the 2nd Quarter Financial Report, but mentioned that monthly financials are sent to members of the board.

Kevin highlighted the Rate Stabilization on the balance sheet. The balance was $14.2 million at the end of fiscal year 2020, but is down to $10.5 million. We opted to use $3.75 million of that fund to help offset the big gas expense of the weather event in February 2021. On the electric side, the operating revenues are 75% of budget. The operating expense line is at 45% of budget. We are on the upside of revenue for the year and below budget on the expense side. On the gas summary, operating revenue is at 74% of budget and expenses are at 117%, both increased. The water operating revenue is at 41% of budget and expenses are at 46%. The water revenues are down. We are not using much water, but are moving into the two quarters of the year where we will see water usage increase. We pay in lieu of once a year. It is at 80% already compared to budget. We are slightly below income earnings, but it is expected. Pollution control is on target with operating revenue and expenses below 50%. General and Administration side is below 50% of budget and in good concentration. Head count is to give you where we are and where we are budgeted. Anytime there is an opening, our staff has to evaluation and justify the need for that replacement. Unit Sale and Cost Analysis is to give you a monthly flavor of how our rate structure is supporting our business expenses. Electric, water, and gas production gives an indication of the usage and number of customers. Heating/cooling degree days and their impact was discussed.

Derek Zeisler's team is tracking heating and cooling degree days. This is a good depiction of how the weather impacts utilities from year to year, and the current year.

(b) Production

i. IRP Status Update

Keith Leonhardt is on the Integrated Resource Plan (IRP) Committee. This committee members are Keith Leonhardt, Shane Stone, Rich Kleinhample, Brett Thompson, Lee Vrooman, and Derek Zeisler. Committee believes we need more assistance evaluating a few power supply options, as well as looking at different locations. Those options are gas turbines and reciprocating engines. Gas turbines would be similar to what we have at the Don Henry site. Rich printed pictures for the group. They have prepared specification and taken proposals from engineering companies to assist them. They hired Stanley Consultants to help evaluate capital and O & M cost for those two technologies. They asked them to look at Whelan Energy Center, North Denver Station, and Don Henry. They are starting their work next week, completing June 11th. The committee is working on network transmission cost evaluation. The primary effort is refining cost for those two options. Kevin Johnson reminded that we are evaluating existing sources, Unit 4 and Unit 5, WEC1, Don Henry, market purchases, and new dual fuel technologies. They are taking into consideration an expansion to the solar farm and new technology that is evolving. No timeframe pressure, but need to put appropriate dollars in the budget when needed. There are critical options, not just economic, but economic and long term considerations. Battery technology is moving rather quickly. We generate for the market and we buy for city load from the market. We do not directly generate for our own load.

(c) Operations

i. Agency Gas- Swing Service Fee

Brian Strom presented on this fee. They are not asking for approval at this time. This fee will be introduced within fee structure during the budget process. We are looking at implementing a swing service fee for gas rate. The gas rate is the Firm Gas Transport Rate, which has thirteen current customers (Agency Customers). Monthly gas prices are based on the Utility Department's natural gas supply contracts and future pricing. An agency agreement designates monthly pricing and volume limits. Customer Balancing Obligation is the customer is permitted to incur a daily positive or negative imbalance of 10% of the quantities received by Hastings on the customer's behalf, except on critical days. Imbalance penalty is if Hastings incurs increased gas or transportation costs, or any penalties whatsoever due to a customer's imbalance, those costs will be passed on to the customer at 110% of cost.

Swing Service Fee, in the event that customer exceeds the contracted maximum daily transportation amount in MMBtu, or customer's Daily Transport Limit, customer shall pay a Swing Service Fee on the over consumption (MMBtu). The rationale is that when an agency customer exceeds the maximum volume, the Utility Department has to supply the replacement volume to serve the customer at current market pricing. Swing Service Fee would be added to cover non-critical day consumption when customer consumes more gas than their maximum allotment. Swing Service Fee allows the Utility Department to remain whole, if gas prices increased drastically.

(d) Administration

(e) Other

i. City Hall transition plans to NDS

Kevin Johnson updated on the effort to cleanup problems throughout the city hall building. While efforts are beginning, we are intending to move department currently at city hall up to North Denver Station (NDS). This move will pack people into NDS. There are a lot of changes to various parts of the NDS boardroom, plant area, existing offices, and cubes. A meeting yesterday came up with 92 preliminary steps that have to occur to get people out of the building. The intent is to get employees out of this building, so that cleanup or rehabilitation can be done without impacting employee while they are located here. Lee Vrooman has assigned an Assistant Engineer to coordinate these efforts. We are taking a look at coordinating those spaces and will transition as space is available. The process will take at least 30 days, but hopefully not more than 90 days. There will be 25 employees being relocated out of city hall.

Mayor Stutte stated this is a fact finding stage to evaluate what the current status is for city hall and North Denver Station. We are not at a decision point. He thanked staff for their hard work and moving this forward to help employees stay safe. There is plenty to be done yet.

Kevin mentioned that conference and training rooms will be the biggest challenge. We will not have any conference rooms available, after everyone moves to NDS. We want to bring in trailers for conference rooms and training. It won't be easy or convenient, but we can make adjustments, even if for one to two years.

ii. Welcome new Board member Susan Meeske

Kevin welcomed Susan Meeske to the Utility Advisory Board.

4. Possible Closed Session (if necessary or requested).

None.

ADJOURN:

Moved by Shayne Raitt seconded by Mark Hemje there being no further business to adjourn at 9:54 A.M. Roll Call: Ayes: Bill Hitesman, Shayne Raitt, Mark Hemje, Susan Meeske. Nays: None. Absent: Jeanette Dewalt. The motion carried.

APPROVED:

____

Board Secretary